

ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY
SYSTEM

FOR THE YEAR ENDED 31st. DECEMBER, 1940

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*Died Feb. 12th, 1941.

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CHIEF OF PERSONNEL.....	A. J. HILLS.....	MONTREAL
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EUROPEAN SECRETARY AND TREASURER.....	A. H. CONEYBEARE.....	LONDON

CANADIAN NATIONAL RAILWAYS

Montreal, 19th. March, 1941.

The Honourable P. J. A. Cardin, K.C., M.P.
Minister of Transport,
Ottawa.

Sir,

In conformity with sections 14 and 15 of *The Canadian National—Canadian Pacific Act, 1936*, the Board of Directors submit the following report of the operations of the Canadian National Railways for the calendar year 1940.

RESULT OF OPERATIONS

	1940	1939	Increase or Decrease
Operating Revenues.....	\$247,527,224.81	\$203,820,186.62	\$43,707,038.19
Operating Expenses.....	202,519,812.88	182,965,768.18	19,554,044.70
Net Operating Revenue.....	\$ 45,007,411.93	\$ 20,854,418.44	\$24,152,993.49
Other Income and Profit and Loss Requirements.....	11,532,968.88	10,219,395.11	1,313,573.77
Net available for Interest.....	\$ 33,474,443.05	\$ 10,635,023.33	\$22,839,419.72
Interest on Funded Debt held by Public.....	48,701,523.73	49,814,377.90	1,112,854.17
Interest on Government Loans.....	1,737,963.50	916,165.01	821,798.49
Cash Deficit.....	\$ 16,965,044.18	\$ 40,095,519.58	\$23,130,475.40

Canada's participation in the war has brought greatly increased demands upon the National Railway System. These demands have been met in full.

It is gratifying to be able to report an improvement in the financial results. It will be noted net operating revenue, which represents the amount of gross revenue remaining after the payment of all operating expenses, was \$45,007,000. This is an improvement of \$24,152,000 or 116% over the corresponding figure for 1939. The operating ratio in 1940 was 81.82%, which is the lowest in the history of the system. Of every additional dollar of revenue, operating expenses absorbed 45 cents, leaving 55 cents available for taxes and fixed charges. Net available for interest was \$33,474,000, an increase of \$22,839,000 over 1939.

Operating Revenues

Operating revenues totalled \$247,527,000, an increase of \$43,707,000 or 21.4% over the preceding year. The increase was singularly uniform over the different services: freight revenues increased 21.4%; passenger revenues 21.8%; and mail, express and miscellaneous revenues 21.4%. The increase on the lines of the company in Canada was 22.7% and on the lines in the United States 14.5%.

Freight revenue increased \$34,307,000; passenger revenue \$3,885,000. Details of the traffic handled are shown elsewhere in this report, but the bare statistical tabulations inadequately record the increased use of rail transportation in the national war effort. Behind these figures are to be discerned the movement of large

numbers of men for training and active service, the long trains of construction material and equipment moving to new training centres and munition plants, the supply of war materials to the places of manufacture, and the ever increasing movement to ocean ports of war materials and the products of the mines, forests and farms of Canada.

Operating Expenses

Operating expenses totalled \$202,519,000, an increase of \$19,554,000 or 10.7% over the preceding year. The relationship between increased revenue and expense is considered satisfactory, and the railway and its equipment have been adequately maintained.

The additional traffic created additional employment for railway workers. The number of employees increased by 4,702 to 82,831.

Prior to 1940 it was the practice of the railway to charge operating expenses with the loss on equipment destroyed or worn out in service when the equipment units were retired permanently from service. It is improbable there will be in the immediate future retirements on the same scale as in recent years, and in order that the operating expenditure accounts for each year may bear their proportionate share of equipment retirement costs, irrespective of the date of retirement, the directors decided to adopt depreciation accounting on rolling stock and floating equipment owned by Canadian National Canadian Lines, effective from January 1st, 1940. A similar practice by Canadian National Lines in the United States has been in effect for some time under regulations of the Interstate Commerce Commission, so that there is now in effect throughout the system a uniform method of accounting for equipment retirements which conforms to the general practice followed by Class I roads in the United States. The depreciation charge against the 1940 rail line operating accounts was \$11,307,000.

Other Income and Profit and Loss Requirements

The accounts in this group show an increased charge of \$1,313,000 over 1939.

Taxes amounted to \$7,039,000, approximately the same as in 1939. This figure is exclusive of sales taxes which are added to the cost of materials and which amounted to \$4,214,900 in 1940. The net operating income from hotels was \$502,000; the corresponding amount in 1939 was \$302,000. The net cost of acquiring United States and sterling exchange increased \$1,151,000. Per diem payments for foreign line freight cars increased \$560,000.

Interest Charges

The total requirements for interest on funded debt held by the public in 1940 were \$48,701,000, being \$1,112,000 less than in 1939.

Interest payments to the Government on temporary loans for capital purposes were \$1,737,000, being \$821,000 more than in 1939.

Cash Deficit

The net operating revenue for the year 1940 was \$45,007,000. Taxes, interest on funded debt, interest paid to the Government, etc., totalled \$61,972,000, leaving a cash deficit for the year of \$16,965,000, an improvement of \$23,130,000 compared with 1939. Full details are given in the accounting statements accompanying this report.

CAPITAL EXPENDITURE ACCOUNT

The net expenditures on property investment account for the year 1940 amounted to \$17,398,971, made up as follows:

Equipment purchased or built.....	\$17,098,358
Equipment retired.....	8,348,943
General betterments to equipment.....	51,377
Equipment conversions and transfers.....	168,325
Express and miscellaneous equipment.....	169,738
Yard extension at Turcot, Que.....	134,673
New engine terminal at Fairview, N.S.....	305,608
Locomotive erecting shop at Moncton, N.B.....	290,416
Coaling plants at Campbellton and Chipman, N.B.....	41,918
Track extensions on New Glasgow division, N.S.....	98,454
Track extensions at Truro, N.S.....	85,583
Yard extensions at Moncton, N.B.....	225,135
Montreal Terminal Development.....	3,599,076
General additions and betterments, less retirements.....	3,815,903
	\$17,398,971

The extension and rearrangement of yard, terminal and track facilities above referred to were necessary for the efficient handling of the increased traffic to and from Atlantic ports.

The following equipment was acquired during the year: 2,765 box cars, 500 flat cars and 25 Northern type locomotives (all of which were ordered in 1939 to meet anticipated war requirements), and 5 mail express cars, 4 coaches, 25 baggage cars, 60 refrigerator cars, 150 ballast cars, 15 cabooses and 21 work units.

The following equipment was retired during the year: 25 locomotives, 2,018 freight train cars, 23 passenger train cars, 834 work units and 6 units of floating equipment. The loss has been charged to depreciation reserve.

FINANCE

No security issues fell due for retirement during the year other than the normal annual payments of principal under equipment trust, sinking fund and serial issues, which totalled \$8,548,182. This amount was financed through temporary loans from the Government.

No public financing was done. Under an arrangement made between the Government, the Canadian Pacific Railway Company and Canadian National Railway Company for the acquisition by the two railways of the additional rolling stock ordered in 1939 to meet anticipated war requirements, to be financed in the first instance by the Government, a hire-purchase agreement was entered into by this company, dated December 7th, 1940, under which the company is obligated to pay a principal sum of \$14,879,524 in fifteen annual instalments, 1941-1955, with interest at the rate of 3½% per annum.

Redemption of Debenture Stock

The outstanding funded debt of the Canadian National Railway Company has included £24,624,455 of 4% perpetual consolidated debenture stock issued by the former Grand Trunk Railway Company of Canada, payment of the interest on which was guaranteed by the Dominion pursuant to the provisions of *The Grand Trunk Railway Acquisition Act, 1919*. Under an order dated October 26th, 1940, made by H. M. Treasury of the United Kingdom, such portion of the said debenture stock as was held by residents in the United Kingdom was transferred to the Treasury. The vesting price was £103.17.4 per £100 stock surrendered, payable November 26th, 1940, plus £0.7.1 accrued interest. The vesting order was made upon the condition that the Canadian National Railway Company would purchase the stock from the Treasury at the vesting price. By Order in Council P.C. 6002 dated October 25th, 1940, made under and by virtue of the *Canadian National Railways' Financing and Guarantee Act, 1940*, and the *War Measures Act*, the company was authorized to purchase the securities and the Minister of Finance was authorized to make loans to the company for the purpose, such loans to bear interest at the rate of 3½% per annum, to be repayable on demand and secured by promissory notes and by the securities so purchased.

At the date of closing the 1940 accounts the amount of securities held by residents of the United Kingdom had not been definitely determined, and the accounts have been closed on the basis that a total of £22,500,000 will be redeemed. Any necessary adjustment will be entered in the accounts for the year 1941. The redemption of this amount at the prevailing sterling exchange rate effects a reduction in the outstanding debt of the railway of \$5,503,500. This has been accounted for as a capital gain through the Proprietor's Equity Account. The transaction has also resulted in an annual interest saving of \$740,000, but against this the railway will lose the present benefit (\$357,000) obtained through the payment of interest in sterling.

Under date of December 14th, an offer was made by the company to acquire from residents of Canada their holdings of this stock at a price of 94.55% flat in Canadian funds (equivalent to a sterling price of £103.17.4 per £100 converted at the rate of \$4.43 to the £) on January 15th, 1941, or at the sterling price if preferred by the holder. The stock acquired under the terms of this offer will be accounted for in the 1941 accounts.

Co-operation

During the year the Board of Transport Commissioners granted permission to abandon the following lines of railway in co-operation with the Canadian Pacific Railway:

From	To	Province	Railway	Mileage
Joliette	Montfort Jct.	Quebec	Can. Nat.	31.6
Carbo	Cushing Jct.	Quebec	Can. Nat.	24.6
Arnprior	Eganville	Ontario	Can. Nat.	37.9
Alex	Nevis.	Alberta	Can. Nat.	9.5
Red Deer Jct.	Red Deer	Alberta	Can. Nat.	5.1
				<u>108.7</u>

In addition to the above, the Board issued a judgment recommending the abandonment of 18.9 miles of the Canadian Pacific and 12.6 miles of the Canadian National, between Dranoel and Medonte, in Ontario, but no approving order has yet been issued. The Board refused the application for abandonment of the Canadian National line between Louise and Deloraine, Manitoba, a distance of 56.7 miles. Application to abandon the Canadian Pacific line between Cataract and Fergus, Ontario (24.7 miles) was made during the year and this, with other previous applications in co-operation with the Canadian Pacific Railway and Northern Alberta Railways, representing 133.8 miles of Canadian National lines, 219.2 miles of Canadian Pacific lines and 29.8 miles of the Northern Alberta Railways, is now before the Board awaiting its decision.

Branch Line Abandonments

Applications were made during the year to the Board of Transport Commissioners for permission to abandon the following Canadian National unprofitable light traffic branch lines:

From	To	Province	Mileage
Hampton	St. Martins	New Brunswick	28.8
Marmora.	Cordova Mines	Ontario	6.2
Alvinston	Kingscourt	Ontario	9.7
Parisville	Deschaillons	Quebec	3.5
Tweed	Yarker	Ontario	33.9
Napanee	Deseronto	Ontario	6.3
Whitby	Port Perry	Ontario	17.5
Clinton	Wingham	Ontario	22.9
			<u>128.8</u>

The first three mentioned applications were granted by the Board: decisions are pending in the other cases. In addition, the Board approved of the application submitted in 1939 for abandonment of the line between Fortierville and St. Gregoire, Quebec, a distance of 27.3 miles.

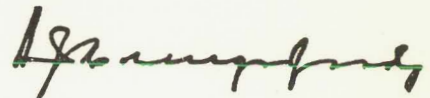
Special War Activities

There are no limitations to the willingness of the company or its employees to serve the war effort in any direction. The company's plant facilities and its skilled personnel constitute a reserve always available in time of national emergency, and this reserve is being utilized in numerous ways. Employees who have enlisted for active service number 1,859. Fifty-three officers and employees have been loaned to the Government for the duration of the war, and a large number of officers and employees with special qualifications have been loaned to the Government for temporary periods. The company's Land and Survey Departments were employed by the Government to look after the acquisition of sites for airports, munition plants, etc. The St. Malo Shops at Quebec have been turned over completely to the Department of Munitions and Supply and the railway work transferred to other railway shops. The "Prince Robert" and "Prince David" have been taken over for naval service by the Department of National Defence. The shipbuilding facilities of the company are being utilized for the construction of naval vessels; machine tools are being manufactured in the railway shops and preparations are under way for the manufacture of guns, gun carriages, etc. War savings stamps are on sale by all railway express and telegraph agents as well as in the shops and terminals.

Outlook for 1941

The outlook for 1941 is for a further substantial increase in traffic, and the directors are hopeful the property will earn its fixed charges and will not require any appropriation by Parliament on deficit account. To accomplish this result the net revenue, after payment of operating expenses, will need to be in the neighbourhood of \$63 millions, this being the amount required to pay taxes, interest due to the public and to the Government, etc. This forecast is based on present traffic trends and on a continuation of existing wage scales and material price levels. The situation of course contains many factors impossible of prediction, and the forecast will be viewed accordingly, but with these reservations the directors believe this year will afford an opportunity for the railway system again to demonstrate its ability to pay its way given an amount of traffic commensurate with its capacity. But much more important than the relief thus afforded to the national budget is the ability of the National Railway System to meet the needs for efficient transportation service required by the tremendous effort which the Dominion is making for the successful prosecution of the war. The railway will be tested during 1941 as never before. The condition of the railway, its motive power and rolling stock is good. The employees are loyal, capable, and keen to do all that is required of them. The directors are confident the National Railway System will continue to meet all demands upon it in this most decisive period in Canada's history.

For the Board of Directors,



Chairman.

CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Investment in Road and Equipment	\$1,874,172,774.14		
Improvements on Leased Property	4,389,124.27		
Miscellaneous Physical Property	62,361,526.50	\$1,940,923,424.91	
Sinking Funds:			
System Securities at par	\$ 389,304.13		
Other Assets at cost	275,406.92	664,711.05	
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par	\$ 1,829,500.00		
Other Assets at cost	2,591,613.83	4,421,113.83	
Investments in Affiliated Companies		38,554,956.14	
Other Investments:			
System Securities at par	\$ 80,000.00		
Other Assets at cost	697,197.27	777,197.27	\$1,985,341,403.20
CURRENT ASSETS:			
Cash		\$ 9,768,880.06	
Special Deposits		7,494,365.74	
Bills Receivable		100,000.00	
Traffic and Car-Service Balances—Debit		1,356,928.42	
Net Balances Receivable from Agents and Conductors		8,691,734.50	
Miscellaneous Accounts Receivable	\$ 8,785,332.75		
Dominion Government—Balance due under 1940 Budget	287,623.95	9,072,956.70	
Material and Supplies		32,602,939.42	
Interest and Dividends Receivable		266,051.58	
Rents Receivable		120,924.28	
Other Current Assets		1,418,871.35	70,893,652.05
DEFERRED ASSETS:			
Working Fund Advances		\$ 198,838.78	
C.N.R. Insurance Fund:			
System Securities at par	\$ 7,778,183.52		
Other Assets at cost	4,604,645.90	12,382,829.42	
Other Funds		14,506.25	
Other Deferred Assets		4,859,320.62	17,455,495.07
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance		\$ 226,170.71	
Discount on Capital Stock		189,500.00	
Discount on Funded Debt		11,255,697.62	
Other Unadjusted Debits		2,855,216.81	14,526,585.14
			<u>\$2,088,217,135.46</u>

CERTIFICATE

We have examined the books and records of the companies comprising the The investments in properties and equipment appearing in the books of the The accounts of the System are stated in Canadian currency. Sterling and exception of the portion of the Grand Trunk Railway Company of Canada Kingdom Vesting Order as at the 31st. December, 1940.

Prior to the 1st. January, 1940, Depreciation Accounting was applied to basis of original cost, to other units of property on the System. From that Lines of the System and Retirement Accounting to fixed properties.

Subject to the foregoing and our report to Parliament, we certify that, in to exhibit a true and correct view of the affairs of the System as at the for the year ended the 31st. December, 1940, are correctly stated.

18th. March, 1941.

AT 31st. DECEMBER, 1940.

LIABILITIES		
STOCKS:		
Capital Stocks of Subsidiary Companies owned by Public.....		\$ 4,566,600.00
LONG TERM DEBT:		
Funded Debt Unmatured.....		1,199,816,334.09
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):		
Loans.....	\$113,882,334.43	
Canadian Government Railways—Working Capital.....	16,771,980.54	130,654,314.97
CURRENT LIABILITIES:		
Traffic and Car-Service Balances—Credit.....	\$ 4,362,915.01	
Audited Accounts and Wages Payable.....	10,418,008.04	
Miscellaneous Accounts Payable.....	3,163,352.51	
Interest Matured Unpaid.....	8,235,472.04	
Unmatured Interest Accrued.....	9,324,714.20	
Unmatured Rents Accrued.....	410,191.07	
Accrued Tax Liability.....	1,606,240.60	
Other Current Liabilities.....	1,915,697.88	39,436,591.35
DEFERRED LIABILITIES.....		8,405,149.94
UNADJUSTED CREDITS AND RESERVES:		
C.N.R. Insurance Reserve.....	\$ 12,382,829.42	
Accrued Depreciation.....	18,600,790.50	
Other Unadjusted Credits and Reserves.....	4,895,335.88	35,878,955.80
DOMINION GOVERNMENT—PROPRIETOR'S EQUITY (See Note)		
Represented by:—		
1,000,000 shares of no par value capital stock of Canadian National Railway Company issued in exchange for the residual value of Canadian Northern capital stock.....	\$ 18,000,000.00	
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the transfer of securities, advances, claims for unpaid interest and collateral securities.....	265,706,605.62	
Dominion Government Capital Expenditures for Canadian Government Rys....	385,752,583.69	669,459,189.31
CONTINGENT LIABILITIES:		
For major contingent liabilities, including pension plans, see page 21.		
		<u>\$2,088,217,135.46</u>

NOTE:—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Comptroller.

OF AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1940. companies as at the 1st. January, 1923, were accepted by us.

United States currencies have been converted at the par of exchange with the 4% Perpetual Consolidated Debenture Stock which remained subject to United

rolling stock owned by United States Lines and Retirement Accounting, on the date, Depreciation Accounting has been applied to rolling stock owned by all

our opinion, the above Consolidated Balance Sheet is properly drawn up so as 31st. December, 1940, and that the relative Income and Profit and Loss Accounts

GEORGE A. TOUCHE & CO.,

Chartered Accountants.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st. DECEMBER, 1940.

DEBITS:

Debit Balance transferred from Income	\$ 15,384,569.66
Debits from Retired Road and Equipment	1,682,855.06
Miscellaneous Debits	126,418.23
	<u>\$ 17,193,842.95</u>

CREDITS:

Credits from Retired Road and Equipment	\$ 14,138.20
Miscellaneous Credits	214,660.57
	<u>\$ 228,798.77</u>

CASH DEFICIT, Contributed by Government	\$ 16,965,044.18
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Capital gain on redemption of G.T.R. 4% Perpetual Debenture Stock	\$5,503,500.00	
Line abandonments and other capital losses (Details on page 18)	3,809,320.80	
	<u>1,694,179.20</u>	
Net Gain credited to Proprietor's Equity		<u>\$ 15,270,864.98</u>

DOMINION GOVERNMENT—PROPRIETOR'S EQUITY

	Balance at 31st. Dec., 1939	Change during year	Balance at 31st. Dec., 1940
Canadian National Railway Company, Capital Stock	\$ 18,000,000.00	—	\$ 18,000,000.00
The Canadian National Railways Securities Trust, Capital Stock . .	264,012,426.42	\$1,694,179.20	265,706,605.62
Dominion Government Capital Expenditures for Canadian Govern- ment Railways	388,075,722.18	2,323,138.49	385,752,583.69
	<u>\$670,088,148.60</u>	<u>\$ 628,959.29</u>	<u>\$669,459,189.31</u>

CONSOLIDATED INCOME ACCOUNT

	Year 1940	Year 1939
Railway Operating Revenues.....	\$247,527,224.81	\$203,820,186.62
Railway Operating Expenses.....	202,519,812.88	182,965,768.18
Net Revenue from Railway Operations.....	\$ 45,007,411.93	\$ 20,854,418.44
Railway Tax Accruals.....	6,245,955.70	6,246,460.72
Railway Operating Income.....	\$ 38,761,456.23	\$ 14,607,957.72
Rent from Locomotives.....	99,470.71	103,236.23
Rent from Passenger-Train Cars.....	241,229.85	286,343.14
Rent from Floating Equipment.....	1,235.99	29.00
Rent from Work Equipment.....	152,469.06	146,344.00
Joint Facility Rent Income.....	1,634,640.82	1,646,613.65
Hire of Freight Cars—Debit Balance.....	2,210,844.87	1,651,107.92
Rent for Locomotives.....	32,819.76	43,404.24
Rent for Passenger-Train Cars.....	355,611.58	308,672.60
Rent for Floating Equipment.....	68,189.53	67,865.61
Rent for Work Equipment.....	26,864.86	7,856.93
Joint Facility Rents—Debit.....	2,231,764.12	2,273,227.76
Net Railway Operating Income.....	\$ 35,964,407.94	\$ 12,438,388.68
Revenues from Hotel Operations.....	3,936,313.26	3,331,303.03
Expenses of Hotel Operations.....	3,304,806.91	2,901,439.17
Taxes on Hotel Property.....	129,320.28	127,500.27
Net Hotel Operating Income.....	\$ 502,186.07	\$ 302,363.59
Income from Lease of Road and Equipment.....	74,144.94	74,319.47
Miscellaneous Rent Income.....	905,144.90	929,270.03
Miscellaneous Non-Transportation Property—Credit.....	108,837.91	49,228.23
Dividend Income.....	549,037.65	420,288.50
Income from Funded Securities.....	1,858,535.52	1,783,507.80
Income from Unfunded Securities and Accounts.....	429,756.89	365,115.38
Income from Sinking and Other Reserve Funds.....	155,753.63	169,020.47
Miscellaneous Income.....	1,588,663.71	1,634,409.95
Miscellaneous Rents—Debit.....	552,935.01	616,582.11
Miscellaneous Tax Accruals.....	86,299.16	130,159.75
Separately Operated Properties—Loss.....	1,529,406.12	1,284,803.42
Miscellaneous Income Charges.....	2,047,110.98	885,466.35
Income Available for Fixed Charges.....	\$ 37,920,717.89	\$ 15,248,900.47
Rent for Leased Roads and Equipment.....	1,467,326.76	1,459,907.66
Interest on Funded Debt—Public.....	48,701,523.73	49,814,377.90
Interest on Government Loans.....	1,737,963.50	916,165.01
Interest on Unfunded Debt.....	297,390.31	183,335.56
Amortization of Discount on Funded Debt.....	1,101,083.25	1,114,378.48
Total Fixed Charges.....	\$ 53,305,287.55	\$ 53,488,164.61
Income <i>Deficit</i> transferred to Profit and Loss.....	\$ 15,384,569.66	\$ 38,239,264.14

OPERATING REVENUES

	Year 1940	Year 1939
Freight	\$191,433,308.13	\$158,309,025.45
Maritime Rates Reduction	3,128,900.71	1,946,064.65
Passenger	21,702,046.30	17,817,119.48
Excess Baggage	71,067.56	72,419.23
Sleeping Car	1,315,664.53	1,118,662.63
Parlor and Chair Car	148,618.43	139,184.04
Mail	3,584,159.20	3,559,419.65
Railway Express Agency	504,320.48	342,041.93
Express	13,602,893.29	9,616,999.16
Other Passenger-Train	40,574.61	44,908.71
Milk	283,245.17	300,846.45
Switching	2,468,369.60	2,220,643.57
Water Transfers—Freight	126,683.27	75,187.60
Water Transfers—Passenger	23,887.41	22,674.07
Water Transfers—Vehicles and Live Stock	42,580.50	39,737.50
Water Transfers—Other	2.85	2.90
Dining and Buffet	1,141,737.39	798,034.69
Restaurants	16,102.30	13,722.80
Station, Train, and Boat Privileges	110,281.66	92,788.20
Parcel Room	38,232.49	32,897.55
Storage—Freight	139,220.48	141,231.90
Storage—Baggage	16,762.43	14,244.74
Demurrage	427,462.85	244,597.91
Telegraph and Telephone	10,345.23	10,135.37
Telegraph—Commercial	4,427,843.91	4,302,997.74
Grain Elevator	286,611.44	93,432.46
Rents of Buildings and Other Property	449,968.29	441,537.00
Miscellaneous	1,660,500.72	1,654,070.75
Joint Facility—Credit	409,006.51	415,014.19
Joint Facility—Debit	83,172.93	59,455.70
	<u>\$247,527,224.81</u>	<u>\$203,820,186.62</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures	\$ 40,002,420.65	\$ 36,530,434.24
Maintenance of Equipment	48,126,387.67	42,662,023.70
Traffic	5,148,990.90	5,175,594.62
Transportation	98,660,172.14	88,840,663.85
Miscellaneous Operations	1,646,918.99	1,298,214.56
General	9,317,273.07	8,971,891.88
Transportation for Investment—Credit	382,350.54	513,054.67
	<u>\$202,519,812.88</u>	<u>\$182,965,768.18</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year 1940	Year 1939
Superintendence.....	\$ 2,934,493.91	\$ 2,886,253.47
Roadway Maintenance.....	4,899,508.56	4,724,645.85
Tunnels and Subways.....	200,345.60	18,928.65
Bridges, Trestles and Culverts.....	1,581,466.28	1,641,924.46
Ties.....	4,576,869.90	4,688,875.76
Rails.....	2,075,036.71	1,795,810.21
Other Track Material.....	2,031,066.18	1,604,465.82
Ballast.....	878,764.90	529,325.14
Track Laying and Surfacing.....	10,463,337.61	9,510,166.07
Fences, Snowsheds and Signs.....	511,858.48	491,840.74
Station and Office Buildings.....	1,625,982.53	1,507,226.32
Roadway Buildings.....	212,616.30	164,484.42
Water Stations.....	470,191.78	381,981.21
Fuel Stations.....	175,871.71	144,663.46
Shops and Enginehouses.....	1,347,936.33	1,125,095.91
Grain Elevators.....	34,103.47	52,555.02
Storage Warehouses.....	44.66	2,271.46
Wharves and Docks.....	210,925.06	127,324.69
Coal and Ore Wharves.....	25.03	425.89
Telegraph and Telephone Lines.....	836,058.51	691,777.16
Telegraph—Commercial.....	876,743.54	761,210.79
Signals and Interlockers.....	633,419.24	566,742.10
Power Plants.....	7,621.91	12,005.52
Power Transmission Systems.....	104,063.82	84,344.22
Miscellaneous Structures.....	1,424.22	3,862.21
Roadway Machines.....	369,342.76	299,823.95
Small Tools and Supplies.....	599,642.30	503,446.62
Removing Snow, Ice and Sand.....	1,784,900.12	1,838,545.81
Public Improvements—Maintenance.....	266,821.69	213,087.26
Injuries to Persons.....	321,720.48	267,390.45
Insurance.....	21,827.09	21,790.61
Stationery and Printing.....	58,968.11	49,148.93
Other Expenses.....	29,275.89	22,153.53
Maintaining Joint Tracks, Yards and Other Facilities—Debit.....	446,900.65	444,377.55
Maintaining Joint Tracks, Yards and Other Facilities—Credit.....	1,128,504.41	1,141,366.00
Right of Way Expenses.....	39,930.93	30,442.44
Depreciation—U.S. Lines only.....	30,128.74	30,128.74
Protective Services.....	471,690.06	433,258.79
	<u>\$40,002,420.65</u>	<u>\$36,530,434.24</u>

MAINTENANCE OF EQUIPMENT EXPENSES

Superintendence.....	\$ 1,343,147.15	\$ 1,327,571.31
Shop Machinery.....	1,486,210.62	1,254,928.69
Power Plant Machinery.....	139,258.69	163,194.26
Steam Locomotives—Repairs.....	15,119,280.72	12,495,210.87
Other Locomotives—Repairs.....	77,025.33	73,520.93
Freight Train Cars—Repairs.....	10,418,520.23	10,857,775.60
Passenger Train Cars—Repairs.....	6,045,326.37	6,089,653.35
Floating Equipment—Repairs.....	199,541.50	217,701.34
Work Equipment—Repairs.....	1,274,483.30	1,156,793.41
Miscellaneous Equipment—Repairs.....	91,566.40	42,815.76
Express Equipment—Repairs.....	92,224.50	94,773.13
Express Equipment—Retirements.....	109,274.28	95,261.11
Equipment Retirements (Demolition Cost).....	132,267.89	165,983.98
Equipment Retirements, Canadian Lines.....	—	6,763,524.60
Equipment—Depreciation.....	11,262,523.64	1,514,457.00
Injuries to Persons.....	217,356.23	272,602.92
Insurance.....	12,194.42	11,948.30
Stationery and Printing.....	47,203.47	37,980.77
Other Expenses.....	3,290.25	1,678.10
Maintaining Joint Equipment—Debit.....	202,808.63	180,043.99
Maintaining Joint Equipment—Credit.....	147,115.95	155,395.72
	<u>\$48,126,387.67</u>	<u>\$42,662,023.70</u>

TRAFFIC EXPENSES

	Year 1940	Year 1939
Superintendence.....	\$ 1,668,406.62	\$ 1,639,423.42
Outside Agencies.....	2,249,590.18	2,256,146.54
Advertising.....	629,367.02	664,908.20
Traffic Associations.....	90,598.20	92,776.63
Stationery and Printing.....	267,109.68	282,955.43
Other Expenses.....	1,110.53	380.08
Industrial Bureau.....	74,289.85	69,983.82
Colonization, Agriculture and Natural Resources.....	168,518.82	169,020.50
	<u>\$ 5,148,990.90</u>	<u>\$ 5,175,594.62</u>

TRANSPORTATION EXPENSES

Superintendence.....	\$ 2,893,181.33	\$ 2,913,325.48
Dispatching Trains.....	1,306,324.85	1,216,596.34
Station Employees.....	14,671,603.66	13,865,614.75
Weighing, Inspection and Demurrage Bureaus.....	74,576.63	72,308.47
Station Supplies and Expenses.....	1,215,724.54	1,163,102.70
Yardmasters and Yard Clerks.....	2,438,661.37	2,259,771.06
Yard Conductors and Brakemen.....	4,898,263.28	4,165,618.87
Yard Switch and Signal Tenders.....	508,231.65	479,381.74
Yard Enginemen.....	3,446,456.84	2,922,409.09
Yard Motormen.....	82,218.87	72,746.47
Yard Switching Fuel.....	3,252,464.28	2,764,389.88
Yard Switching Power Produced.....	10,186.35	9,295.60
Yard Switching Power Purchased.....	61,058.87	52,244.05
Water for Yard Locomotives.....	168,080.18	144,731.49
Lubricants for Yard Locomotives.....	42,681.54	36,585.07
Other Supplies for Yard Locomotives.....	30,113.88	25,969.44
Enginehouse Expenses—Yard.....	1,108,105.37	1,047,806.75
Yard Supplies and Expenses.....	125,408.82	117,014.70
Operating Joint Yards and Terminals—Debit.....	1,028,211.30	931,216.80
Operating Joint Yards and Terminals—Credit.....	1,303,930.84	1,250,090.31
Train Enginemen.....	9,660,547.54	8,490,295.46
Train Motormen.....	109,278.78	122,242.48
Train Fuel.....	17,211,615.93	14,452,666.90
Train Power Produced.....	10,111.47	11,979.22
Train Power Purchased.....	33,599.00	38,922.93
Water for Train Locomotives.....	965,496.11	882,079.67
Lubricants for Train Locomotives.....	343,823.71	296,952.45
Other Supplies for Train Locomotives.....	162,474.10	130,549.23
Enginehouse Expenses—Train.....	3,176,712.10	2,961,262.63
Trainmen.....	10,740,417.17	9,530,065.91
Train Supplies and Expenses.....	5,554,315.65	5,301,030.59
Operating Sleeping Cars.....	851,127.50	796,424.76
Signal and Interlocker Operation.....	411,155.10	413,382.76
Crossing Protection.....	574,426.76	574,862.19
Drawbridge Operation.....	96,715.58	99,114.48
Telegraph and Telephone Operation.....	266,915.84	243,526.80
Telegraph—Commercial.....	3,480,061.54	3,435,676.45
Operating Floating Equipment.....	693,564.89	605,024.18
Express.....	5,262,063.93	4,997,242.87
Stationery and Printing.....	499,322.77	432,451.45
Other Expenses.....	592,503.68	441,808.14
Operating Joint Tracks and Facilities—Debit.....	638,069.13	594,080.03
Operating Joint Tracks and Facilities—Credit.....	373,893.54	379,432.42
Insurance.....	12,714.93	12,296.04
Clearing Wrecks.....	212,581.70	149,095.41
Damage to Property.....	35,502.24	39,051.00
Damage to Live Stock on Right-of-Way.....	36,709.46	33,233.99
Loss and Damage—Freight.....	587,417.23	510,375.15
Loss and Damage—Baggage.....	2,068.57	1,183.83
Injuries to Persons.....	755,139.50	613,180.83
	<u>\$98,660,172.14</u>	<u>\$88,840,663.85</u>

MISCELLANEOUS OPERATING EXPENSES

	Year 1940	Year 1939
Dining and Buffet Service	\$1,490,013.44	\$1,199,644.53
Restaurants	13,934.21	11,708.85
Grain Elevators	105,844.65	49,739.15
Other Miscellaneous Operations	37,126.69	37,122.03
	<u>\$1,646,918.99</u>	<u>\$1,298,214.56</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers	\$ 414,767.33	\$ 430,425.94
Salaries and Expenses of Clerks and Attendants	3,420,456.76	3,327,193.50
General Office Supplies and Expenses	209,021.70	200,649.86
Law Expenses	368,738.54	383,022.58
Relief Department Expenses	27,500.00	27,500.00
Pensions	4,468,736.66	4,244,840.85
Stationery and Printing	152,323.10	118,849.81
Valuation Expenses	11,134.01	14,337.09
Other Expenses	254,718.21	232,189.79
General Joint Facilities—Debit	32,214.01	33,174.63
General Joint Facilities—Credit	42,337.25	40,292.17
	<u>\$9,317,273.07</u>	<u>\$8,971,891.88</u>

PROPERTY INVESTMENT ACCOUNT

BALANCE AT 1ST JANUARY, 1940.....		\$1,929,649,501.31
EXPENDITURES, YEAR 1940:		
ROAD:		
Double Tracking.....	\$ 82,817.78	
Montreal Terminal Development, Chapter 12, 1929.....	3,599,075.82	
Salvage from Line Abandonments, etc.....	289,011.04	
Rails and Fastenings.....	403,946.99	
Tie Plates and Rail Anchors.....	1,027,874.28	
Ties—Cost of Treating.....	1,034,009.35	
Ballast.....	92,018.93	
Widening Cuts and Fills and Scaling Rock Cuts.....	44,696.82	
Ditching, Drainage and Sewers.....	141,921.09	
Large Passenger Terminals.....	141,749.01	
Yard Tracks and Sidings.....	224,637.52	
Bridges, Trestles and Culverts.....	380,826.73	
Crossing Protection, Including Subways.....	134,267.20	
Stations and Station Facilities.....	30,241.82	
Shops, Enginehouses and Machinery.....	728,992.38	
Docks and Wharves.....	10,672.16	
Signals and Interlockers.....	47,974.86	
Telegraph—Railway.....	62,121.69	
Telegraph—Commercial.....	293,162.83	
Stores Department, Buildings and Equipment.....	38,541.67	
Assessments for Public Improvements.....	72,817.31	
Land.....	36,845.16	
General Additions and Betterments.....	268,922.82	
TOTAL.....	\$ 8,535,432.86	
EQUIPMENT:		
Equipment Purchased or Built.....	\$17,098,358.44	
Equipment Retired.....	8,348,943.39	
General Betterments to Equipment.....	51,377.02	
Equipment Conversions and Transfers.....	168,325.15	
Express and Miscellaneous Equipment.....	169,738.20	
TOTAL.....	\$ 8,802,205.12	
HOTELS.....	\$ 127,067.29	
SEPARATELY OPERATED PROPERTIES.....	\$ 65,734.52	
NET ADDITIONS AND BETTERMENTS EXPENDITURES.....		17,398,970.75
TRANSFERS AFFECTING PROPRIETOR'S EQUITY, ETC.....		6,125,047.15
BALANCE AT 31ST DECEMBER, 1940.....		\$1,940,923,424.91

TRANSFERS DURING YEAR 1940 AFFECTING PROPRIETOR'S EQUITY

Line abandonment between mileages 0.00 and 28.75 St. Martins Branch.....	\$ 355,420.90
Line abandonment between mileages 0.23 and 27.48 Sorel Subdivision.....	584,856.30
Line abandonment between mileages 36.98 and 61.58 Lachute Subdivision.....	825,846.87
Line abandonment between mileages 162.40 and 166.47 Renfrew Subdivision and between mileages 37.47 and 37.52 Algonquin Subdivision.....	160,971.05
Abandonment of 3.38 miles Oshawa Electric Railway.....	161,016.45
Line abandonment between mileages 11.24 and 20.92 Alvinston Subdivision.....	123,008.14
Line abandonment between mileages 0.00 and 4.50 Sellwood Branch.....	123,139.85
Capital loss (exclusive of loss applicable to expired service life) on sale of S.S. "Prince David" and S.S. "Prince Robert".....	1,474,971.24
	\$ 3,809,320.80
Transfer of St. Malo Shops from Canadian Government Railways to Government Departments.....	\$ 2,324,666.54
Alterations to Car Ferry "Prince Edward Island" in order to accommodate automobiles.....	1,528.05
	\$ 2,323,138.49
	\$ 6,132,459.29

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1940	Interest Accrued 1940
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock.....	G.T.R.	1875 to 1883	Perpetual	\$ 20,782,491.67	\$ 1,039,124.58
5% G.W. Perp. Debtr. Stock and Bonds....	G.T.R.	1858 to 1876	Perpetual	13,252,322.67	662,616.12
4% Perpetual Debenture Stock.....	G.T.R.	1883 to 1918	Perpetual	10,339,014.33	4,071,360.25
4% Perpetual Debenture Stock under U.K. Vesting Order.....	G.T.R.	1883 to 1918	Nov. 26, 1940	57,775,833.33	
4% Nor. Rly. Perpetual Debtr. Stock.....	G.T.R.	July 31, 1884	Perpetual	1,499,979.67	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R.	1884 to 1909	Perpetual	60,833,333.33	2,433,333.33
3% 1st Mortgage Bonds.....	G.T.P.	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00
4% Sterling Bonds.....	G.T.P.	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92
3% 1st Mortgage Debenture Stock.....	Can. Nor.	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86
3½% 1st Mortgage Debenture Stock.....	Can. Nor.	Mar. 1, 1910	July 20, 1958	7,896,541.81	276,378.96
6½% Sinking Fund Debenture Bonds.....	Can. Nor.	July 1, 1921	July 1, 1946	23,897,000.00	1,563,584.57
3½% 1st Mortgage Debenture Stock.....	C.N.A.	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94
3½% 1st Mortgage Debenture Stock.....	C.N.O.	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84
5% 30 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
2% 1927 Guaranteed Debenture Stock.....	Can. Nat.	July 1, 1926	By Drawings	20,432,116.00	418,334.87
4½% 30 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00
4¾% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00
4½% 25 Year Guaranteed Gold Bonds.....	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	3,150,000.00
4½% 20 Year Guaranteed Gold Bonds.....	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	2,250,000.00
3% 16 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
3% 9 Year Guaranteed Bonds.....	Can. Nat.	May 1, 1935	May 1, 1944	35,000,000.00	1,050,000.00
2% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1943	55,000,000.00	1,100,000.00
3% 17 Year Guaranteed Bonds.....	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1944	15,500,000.00	348,750.00
3% 15 Year Guaranteed Bonds.....	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	600,000.00
3% 13 Year Guaranteed Bonds.....	Can. Nat.	Dec. 15, 1937	Dec. 15, 1950	30,000,000.00	900,000.00
2% 4 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1938	Jan. 15, 1942	20,000,000.00	400,000.00
2¼% 7 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1946	15,000,000.00	337,500.00
3% 20 Year Guaranteed Bonds.....	Can. Nat.	Jan. 15, 1939	Jan. 15, 1959	35,000,000.00	1,050,000.00
Total Issues Guaranteed by Dominion Government.....				\$1,000,881,473.06	\$40,752,475.42
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st Mortgage Debenture Stock.....	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 2,727,977.40	\$ 109,119.10
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56
4½% 1st Mtge. Debtr. Stock and Bonds....	C.N.W.	Mar. 1914	Oct. 22, 1943	2,799,997.73	125,999.90
4½% 1st Mtge. Debtr. Stock and Bonds....	C.N.W.	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock.....	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	16,412,001.13	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.	1913 and 1914	Apr. 2, 1950	8,614,000.00	387,630.00
Total Issues Guaranteed by Provincial Governments.....				\$ 38,131,740.26	\$ 1,614,459.63
Carried Forward.....				\$1,039,013,213.32	\$42,366,935.05

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1940	Interest Accrued 1940
Brought Forward.....				\$1,039,013,213.32	\$42,366,935.05
EQUIPMENT TRUST ISSUES:					
4½% Series "J".....	Can. Nat.	May 1, 1927	Ser. 1, 5, '42	2,000,000.00	105,000.00
5% " " "K".....	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	4,800,000.00	260,000.00
5% " " "G.T.W.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	1,125,000.00	69,731.80
5% " " "C.V.R.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	179,000.00	11,141.39
5% " " "C.V.R.".....	C.V.	Dec. 14, 1929	Ser. 14, 12, '44	306,000.00	19,026.67
4½% " " "L".....	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	5,250,000.00	255,937.50
2½% " " "O".....	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	10,010,000.00	271,104.17
2¾% " " "P".....	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	6,600,000.00	191,239.58
2½% " " "Q".....	Can. Nat.	July 1, 1939	Ser. 1, 7, '49	5,850,000.00	154,375.00
Total Equipment Trust Issues.....				\$ 36,120,000.00	\$ 1,337,556.11
OTHER ISSUES:					
4% Canada Atlantic 1st Mtge. Bonds.....	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	\$ 16,000,092.00	\$ 640,003.68
7% Wellington Grey & Bruce Bonds.....	G.T.R.	July 1, 1869	By Drawings	49,153.34	15,857.65
6% Northern Railway 3rd Pref. Bonds.....	G.T.R.	1868	Perpetual	70,566.66	4,234.00
3¾% 1st Mortgage Bonds.....	N.E. Elev.	July 1, 1901	Ser. 1, 7, '41	10,000.00	562.50
4% 1st Mortgage Bonds.....	Pem. Sou.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mtge. Bonds, Prairie "A".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	10,206,000.00	408,240.00
4% 2nd Mtge. Bonds, Mountain "B".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	9,963,000.00	398,520.00
4% 1st Mtge. Bonds, "Lake Superior".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	7,533,000.00	301,320.00
4% Perpetual Cons. Debenture Stock.....	Can. Nor.	1903 to 1912	Perpetual	44,943,019.40	1,797,720.74
4% Perpetual Cons. Debenture Stock.....	C.N.O.	June 21, 1909	Perpetual	8,724,113.20	348,964.50
4% Perpetual Cons. Debenture Stock.....	C.N.Q.	Oct. 1906	Perpetual	5,250,369.26	210,014.76
4% 1st Mtge. Perp. Debenture Stock.....	Q. & L. St. J.	June 1, 1912	Perpetual	4,252,503.06	170,100.14
4% 1st Mortgage Bonds.....	G.T.W.	Nov. 30, 1900	July 1, 1950	10,964,416.00	439,413.86
4½% 1st Mortgage Series "A" Bonds.....	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4% Indebtedness of S.S. & C. Co.....	C.V.Rly.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds.....	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mortgage Guar. Debtr. Bonds....	H. & S. W.	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	155,645.00
5% Indebtedness to Province of N.B.....	Can. Nat.	Sept. 3, 1929	Various	1,364,022.60	68,201.13
Total Other Issues.....				\$ 124,683,120.77	\$ 4,997,032.57
Total Debt held by Public (including therein \$10,076,987.65 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$1,199,816,334.09	\$48,701,523.73

NOTE:—These obligations are stated in Canadian Currency. Sterling and United States currencies are converted at the par of exchange, except G. T. R. Debenture Stock subject to U.K. Vesting Order.

DOMINION OF CANADA—LOANS

(Treated as Assets in Public Accounts of Canada)

	Principal Outstanding at Dec. 31, 1940	Interest Accrued 1940
3½% Advances, Financing and Guarantee Act, 1938.....	\$ 1,717,008.90	\$ 60,095.32
3½% Advances, Financing and Guarantee Act, 1939.....	12,442,522.40	432,478.89
3½% Advances, Financing and Guarantee Act, 1940.....	7,572,579.77	90,160.96
3½% Advances, G.T.R. Deb. Stock, Financing and Guarantee Act, 1940.....	46,220,666.70	94,847.34
3½% Advances, Branch Line Construction Act, 1936.....	638,908.55	21,777.15
3½% Advances, Trans-Canada Air Lines Act, 1937.....	550,000.00	19,250.00
2% Advances, Refunding Act, 1938.....	24,689,392.53	493,787.86
3% Purchase of Railway Equipment, 1936 (Repayable 1938-1950).....	5,171,730.80	159,677.19
3½% Purchase of Railway Equipment, 1940 (Repayable 1941-1955).....	14,879,524.78	365,888.79
	\$ 113,882,334.43	\$ 1,737,963.50

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by Can. Nat. System	Book Value
STOCKS:			
Atlantic and St. Lawrence Rail Road Company.....	\$ 5,480,700.00	\$ 11,124.33	\$ 8,156.13
The Belt Railway Company of Chicago.....	3,120,000.00	240,000.00	240,000.00
Canadian Government Merchant Marine, Limited.....	800.00	800.00	800.00
Central Vermont Transportation Company.....	200,000.00	50,000.00	20,000.00
Chicago & Western Indiana Railroad Company.....	5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company.....	3,000,000.00	1,500,000.00	2,142,000.00
Detroit Terminal Railroad Company.....	2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company.....	625,000.00	312,500.00	312,500.00
The Ontario Car Ferry Company (Limited).....	500,000.00	250,000.00	179,007.53
The Public Markets, Limited.....	1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value).....	1,000 shares	6 shares	600.00
The Toronto Terminals Railway Company.....	500,000.00	250,000.00	250,000.00
The Toledo Terminal Railroad Company.....	4,000,000.00	387,200.00	387,200.00
Trans-Canada Air Lines.....	3,750,000.00	3,750,000.00	3,750,000.00
Vancouver Hotel Company Limited.....	150,000.00	75,000.00	75,000.00
			<u>\$ 9,940,263.66</u>
BONDS:			
Atlantic and St. Lawrence Rail Road Company.....	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,012,040.00
The Detroit & Toledo Shore Line Railroad Co. 1st. Mtge Bonds..	3,000,000.00	587,000.00	571,615.00
Northern Alberta Railways Co. 1st. Mortgage Bonds.....	20,300,000.00	10,150,000.00	10,150,000.00
The Toronto Terminals Railway Co. 1st. Mortgage Bonds.....	25,960,000.00	12,980,000.00	12,980,000.00
			<u>\$26,713,655.00</u>
ADVANCES:			
Chicago & Western Indiana Railroad Company.....			\$ 1,600,171.17
The Railroad Credit Corporation.....			203,442.69
Railway Express Agency, Incorporated.....			97,423.62
			<u>\$ 1,901,037.48</u>
			<u>\$38,554,956.14</u>

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

The Canadian National Railway Company owns \$5,000,000 of the Capital Stock of the Air Lines on which total call to 31st. December, 1940, has been \$3,750,000.

NORTHERN ALBERTA RAILWAYS COMPANY:

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

Under agreement of purchase dated 6th. February, 1929, Canadian National Railway Company became liable for one-half of the purchase consideration for the property. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. The future commitment of the Canadian National Railway Company is \$4,710,000. The Canadian National Railway Company takes up currently in its income account one-half of the annual deficit of Northern Alberta Railways Company.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 Year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 Year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO & WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company, pursuant to joint supplemental lease dated 1st. July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 Year 4% bonds due 1952 and the amounts outstanding at 31st. December, 1940, are:—

Issued for "common" property.....	\$39,973,019.39
Issued for "exclusive" property.....	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st. March, 1936, between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st. December, 1940, is \$21,372,000.

C.N.R. PENSION PLANS:

Reserves are not set up against pensions presently being paid or conditionally accruing under the 1935 contractual plan and prior non-contractual plans. Actual pension payments made at the expense of the Railway are charged currently to operating expenses.

Pension contracts in force under the 1935 contractual plan number 3,745, the average annual pension is \$485, the total annual pensions being \$1,815,034 representing a capital sum of approximately \$15,450,000. The portion of this sum contributed by retired employees is carried in the accounts as a deferred liability.

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

Company
Number

CAPITAL STOCKS OWNED BY DOMINION GOVERNMENT

1	Canadian National Railway Company.....	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust.....	265,706,605.62
		<u>\$283,706,605.62</u>

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3	The Bay of Quinté Railway Company.....	23	\$ 1,395,000.00	\$
4	The Bessemer and Barry's Bay Railway Company.....	23	125,000.00	
5	*Brooksby Realty Company.....	28	2,000.00	
6	*Canada Atlantic Transit Company.....	1	219,000.00	
7	*Canada Atlantic Transit Company of U.S.....	1	250,000.00	
8	The Canadian Express Company.....	1	1,768,800.00	
9	*Canadian National Electric Railways.....	23	1,750,000.00	
10	Canadian National Express Company.....	24	1,000,000.00	
11	Canadian National Land Settlement Association.....	1	—	
12	*Canadian National Railways (France).....	1	2,007,400.00	
13	*Canadian National Realities, Limited.....	23	40,000.00	
14	Canadian National Rolling Stock Limited.....	1	50,000.00	
15	*Canadian National Steamship Company, Limited.....	49	15,000.00	
16	Canadian National Telegraph Company.....	23	500,000.00	
17	*Canadian National Transportation, Limited.....	1	500.00	
18	The Canadian Northern Alberta Railway Company.....	23	3,000,000.00	
19	Canadian Northern Manitoba Railway Company.....	23	250,000.00	
20	The Canadian Northern Ontario Railway Company.....	23	10,000,000.00	
21	Canadian Northern Pacific Railway Company.....	23	25,000,000.00	
22	The Canadian Northern Quebec Railway Company.....	23	9,550,000.00	3,849,200.00
23	The Canadian Northern Railway Company.....	1	18,000,000.00	
24	The Canadian Northern Railway Express Company, Limited.....	23	1,000,000.00	
25	Canadian Northern Steamships, Limited.....	23	2,000,000.00	
26	Canadian Northern System Terminals (Limited).....	23	2,000,000.00	
27	Canadian Northern Western Railway Company.....	23	2,000,000.00	
28	*The Centmont Corporation.....	31	176,400.00	
29	The Central Ontario Railway.....	23	3,331,000.00	2,000.00
30	Central Vermont Airways, Inc.....	28	5,000.00	
31	Central Vermont Railway, Inc.....	1	10,000,000.00	
32	Central Vermont Terminal, Inc.....	31	5,000.00	
33	*Central Vermont Transit, Inc.....	28	5,000.00	
34	*Central Vermont Warehouse, Inc.....	28	5,000.00	
35	The Champlain and St. Lawrence Railroad Company.....	1	50,000.00	
36	*Chicago, New York and Boston Refrigerator Company.....	52	1,129,400.00	
37	Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1	1,500,000.00	
38	*Consolidated Land Corporation.....	52	64,000.00	
39	*Continental Realty & Holding Company.....	13	90,000.00	
40	*The Dalhousie Navigation Company, Limited.....	23	50,000.00	
41	*Duluth and Virginia Realty Company.....	39	45,000.00	
42	Duluth, Rainy Lake & Winnipeg Railway Company.....	44	2,000,000.00	
43	Duluth, Winnipeg and Pacific Railroad Company.....	44	100,000.00	
44	Duluth, Winnipeg and Pacific Railway Company.....	23	3,100,000.00	
45	*Grand Trunk-Milwaukee Car Ferry Company.....	52	200,000.00	
46	The Grand Trunk Pacific Branch Lines Company.....	49	200,000.00	
47	*The Grand Trunk Pacific Development Company, Limited.....	49	3,000,000.00	
48	*Grand Trunk Pacific Dock Company, of Seattle.....	49	150,000.00	
49	The Grand Trunk Pacific Railway Company.....	1	24,940,200.00	
50	The Grand Trunk Pacific Saskatchewan Railway Company.....	49	20,000.00	
51	*Grand Trunk Pacific Terminal Elevator Company, (Limited).....	49	501,000.00	
52	{Grand Trunk Western Railroad Company (Common).....}	1	20,000,000.00	
	{Grand Trunk Western Railroad Company (Preferred).....}		25,000,000.00	
53	The Great North Western Telegraph Company of Canada (Including \$331,500.00 held in escrow).....	16	373,625.00	6,925.00
54	The Halifax and South Western Railway Company.....	23	1,000,000.00	
55	*Industrial Land Company.....	52	1,000.00	
56	International Bridge Company.....	1	1,500,000.00	
57	The Irondale, Bancroft and Ottawa Railway Company.....	23	53,500.00	500.00
58	The James Bay and Eastern Railway Company.....	23	125,000.00	
	Carried Forward.....		<u>\$180,642,825.00</u>	<u>\$ 3,858,625.00</u>

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought Forward		\$180,642,825.00	\$ 3,858,625.00
59	The Lake Superior Terminals Company Limited	23	500,000.00	
60	The Maganetawan River Railway Company	1	30,000.00	
61	Manitoba Northern Railway Company	1	500,000.00	
62	The Marmora Railway and Mining Company	23	128,600.00	
63	The Minnesota and Manitoba Railroad Company	23	400,000.00	
64	The Minnesota and Ontario Bridge Company	23	100,000.00	
65	Montreal and Province Line Railway Company	28	1,000,000.00	
66	*Montreal and Southern Counties Railway Company	1	500,000.00	189,500.00
67	The Montreal and Vermont Junction Railway Company	31	197,300.00	
68	*Montreal Fruit and Produce Terminal Company, Limited	1	500.00	
69	*The Montreal Stock Yards Company	1	350,000.00	
70	*The Montreal Warehousing Company	1	236,000.00	12,240.00
71	Mount Royal Tunnel and Terminal Company, Limited	23	5,000,000.00	
72	Muskegon Railway and Navigation Company	52	161,293.00	
73	*National Terminals of Canada, Limited	1	2,500.00	
74	National Transcontinental Railway Branch Lines Company	1	500.00	
75	New England Elevator Company	1	400,000.00	
76	*The Niagara, St. Catharines and Toronto Railway Company	23	925,000.00	
77	*The Niagara, St. Catharines and Toronto Navigation Company (Limited)	76	100,000.00	
78	*The Oshawa Railway Company	1	40,000.00	
79	The Ottawa Terminals Railway Company	1	250,000.00	
80	The Pembroke Southern Railway Company	1	107,800.00	
81	Portland Elevator Company	1	50,000.00	
82	*Prince George, Limited	1	10,000.00	
83	*Prince Rupert, Limited	1	10,000.00	
84	The Quebec and Lake St. John Railway Company	23	4,508,300.00	489,160.00
85	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steam- boat Company	23	201,000.00	
86	*Rail & River Coal Company	1	2,000,000.00	
87	St. Boniface Western Land Company	23	250,000.00	
88	The St. Charles and Huron River Railway Company	23	1,000.00	
89	St. Clair Tunnel Company	1	700,000.00	
90	The Stanstead, Shefford and Chambly Railroad Company	28	608,333.33	
91	*The Thousand Islands Railway Company	1	60,000.00	
92	The Toronto Belt Line Railway Company	1	50,000.00	16,600.00
93	†Trans-Canada Air Lines	1	3,750,000.00	
94	The United States and Canada Rail Road Company	1	219,400.00	475.00
95	Vermont and Province Line Railroad Company	1	200,000.00	
96	The Winnipeg Land Company Limited	23	100,000.00	
			<u>\$204,290,351.33</u>	<u>\$ 4,566,600.00</u>

The Income Accounts of Companies indicated () are included in the System Income Account as "Separately Operated Properties."

†Treated as an Affiliated Company.

STATEMENT OF REVENUE TONNAGE BY COMMODITIES FOR YEARS 1940-1939

	Year 1940	Year 1939	Increase or Decrease	
	Tons	Tons	Tons	Percents
AGRICULTURAL PRODUCTS:				
Wheat.....	4,998,619	4,884,458	114,161	2.34
Corn.....	582,923	453,322	129,601	28.59
Oats.....	547,433	544,181	3,252	.60
Barley.....	371,272	448,447	77,175	17.21
Rye.....	52,458	60,879	8,421	13.83
Flaxseed.....	46,837	29,117	17,720	60.86
Other Grain.....	30,249	36,727	6,478	17.64
Flour.....	765,201	772,685	7,484	.97
Other Mill Products.....	1,314,170	1,258,859	55,311	4.39
Hay and Straw.....	101,048	114,427	13,379	11.69
Cotton.....	75,584	68,221	7,363	10.79
Apples (Fresh).....	75,444	88,317	12,873	14.58
Other Fruit (Fresh).....	280,346	280,886	540	.19
Potatoes.....	192,487	173,982	18,505	10.63
Other Fresh Vegetables.....	161,414	152,227	9,187	6.04
Other Agricultural Products.....	631,999	585,991	46,008	7.85
Total.....	10,227,484	9,952,726	274,758	2.76
ANIMAL PRODUCTS:				
Horses.....	27,582	25,263	2,319	9.18
Cattle and Calves.....	250,896	267,799	16,903	6.31
Sheep.....	15,811	14,940	871	5.83
Hogs.....	161,222	109,971	51,251	46.60
Dressed Meats (Fresh).....	204,686	180,926	23,760	13.13
Dressed Meats (Cured, Salted, Canned).....	132,123	73,392	58,731	80.02
Other Packing House Products.....	45,425	77,909	32,484	41.69
Poultry.....	24,435	22,915	1,520	6.63
Eggs.....	38,065	34,841	3,224	9.25
Butter.....	65,114	64,533	581	.90
Cheese.....	31,455	31,744	289	.91
Wool.....	28,081	21,717	6,364	29.30
Hides and Leather.....	62,589	72,729	10,140	13.94
Other Animal Products.....	72,157	63,091	9,066	14.37
Total.....	1,159,641	1,061,770	97,871	9.22
MINE PRODUCTS:				
Anthracite Coal.....	1,675,492	1,747,388	71,896	4.11
Bituminous Coal.....	7,896,579	6,110,107	1,786,472	29.23
Lignite Coal.....	1,199,240	1,154,720	44,520	3.86
Coke.....	698,476	610,483	87,993	14.41
Iron Ores.....	61,694	56,441	5,253	9.31
Copper Ores and Concentrates.....	202,484	139,668	62,816	44.98
Other Ores and Concentrates.....	1,569,905	1,466,289	103,616	7.07
Base Bullion, Matte, Pig & Ingot (Non-Ferrous Metals).....	567,939	478,748	89,191	18.63
Sand and Gravel.....	2,077,764	1,110,123	967,641	87.16
Stone (Crushed, Ground, Broken).....	1,771,747	1,245,886	525,861	42.21
Slate, Dimension or Block Stone.....	90,661	100,703	10,042	9.97
Crude Petroleum.....	368,140	365,310	2,830	.8
Asphalt (Natural, By-Product Petroleum).....	251,080	229,165	21,915	9.56
Salt.....	317,128	309,044	8,084	2.62
Other Mine Products.....	864,510	702,995	161,515	22.98
Total.....	19,612,839	15,827,070	3,785,769	23.92

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1940	Year 1939	Increase or Decrease	
	Tons	Tons	Tons	Percents
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling.....	511,686	437,772	73,914	16.88
Cordwood and Other Firewood.....	599,305	610,015	10,710	1.76
Ties.....	28,019	22,819	5,200	22.79
Pulpwood.....	1,893,570	1,361,851	531,719	39.04
Lumber, Timber, Box, Crate and Cooperage Material.....	3,404,404	2,359,542	1,044,862	44.28
Other Forest Products.....	318,696	294,034	24,662	8.39
Total.....	6,755,680	5,086,033	1,669,647	32.83
MANUFACTURES AND MISCELLANEOUS:				
Gasolene.....	1,245,489	1,123,876	121,613	10.82
Petroleum Oils and Petroleum Products (except Asphalt and Gasolene).....	813,257	685,426	127,831	18.65
Sugar.....	277,374	231,486	45,888	19.82
Iron, Pig and Bloom.....	189,721	151,342	38,379	25.36
Rails and Fastenings.....	20,333	22,498	2,165	9.62
Iron and Steel (Bar, Sheet, Structural, Pipe).....	1,833,345	1,148,056	685,289	59.69
Castings, Machinery and Boilers.....	192,126	118,552	73,574	62.06
Cement.....	556,697	406,827	149,870	36.84
Brick and Artificial Stone.....	213,726	162,113	51,613	31.84
Lime and Plaster.....	313,770	269,225	44,545	16.55
Sewer Pipe and Drain Tile.....	25,172	18,860	6,312	33.47
Agricultural Implements and Vehicles other than autos.....	139,088	103,301	35,787	34.64
Automobiles, Auto Trucks and Auto Parts.....	1,733,986	1,214,073	519,913	42.82
Household Goods and Settlers' Effects.....	12,794	13,946	1,152	8.26
Furniture.....	42,406	31,082	11,324	36.43
Beverages.....	211,331	177,171	34,160	19.28
Fertilizers, All Kinds.....	457,128	423,467	33,661	7.95
Newsprint Paper.....	1,351,236	1,082,682	268,554	24.80
Other Paper.....	234,928	224,606	10,322	4.60
Paper Board, Pulpboard and Wallboard (Paper).....	252,519	210,376	42,143	20.03
Woodpulp.....	1,005,784	756,214	249,570	33.00
Fish (Fresh, Frozen, Cured, etc.).....	74,697	66,288	8,409	12.69
Canned Goods (All Canned Food Products except Meats).....	347,566	325,840	21,726	6.67
Other Manufactures and Miscellaneous.....	4,260,394	3,390,407	869,987	25.66
Merchandise (All L.C.L. Freight).....	1,499,721	1,405,971	93,750	6.67
Total.....	17,304,588	13,763,685	3,540,903	25.73
Grand Total.....	55,060,232	45,691,284	9,368,948	20.50

DETAILS OF RAILWAY EQUIPMENT

	December 31, 1939	Additions During Year	Retirements During Year	Conversions During Year Added	Retired	December 31, 1940
LOCOMOTIVES:						
Passenger—Freight.....	2,088	25	21			2,092
Switching.....	452		4			448
Electric Locomotives.....	15					15
Oil and Gas Electric.....	7					7
Total.....	2,562	25	25			2,562
FREIGHT EQUIPMENT:						
Box Cars.....	63,090	2,765	1,309	280	1,044	63,782
Flat Cars.....	4,573	500	85		110	4,878
Stock Cars.....	3,233		153			3,080
Coal Cars.....	13,099	150	83	25	5	13,186
Tank Cars.....	155		2			153
Refrigerator Cars.....	3,269	60	359		25	2,945
Caboose Cars.....	1,372	15	26	50		1,411
Other Cars in Freight Service.....	112		1		103	8
Total.....	88,903	3,490	2,018	355	1,287	89,443
PASSENGER EQUIPMENT:						
First Class Cars.....	884	4	6		1	881
Second Class Cars.....	145		3		2	140
Combination Cars.....	286	5	3	2	1	289
Immigrant Cars.....	196				2	194
Dining Cars.....	94				1	93
Parlor Cars.....	126		1			125
Sleeping Cars.....	318			1	1	318
Postal Cars.....	51		1		3	47
Baggage and Express Cars.....	914	25	8	3		934
Unit Cars.....	53					53
Other Cars in Passenger Service.....	91		1	1		91
Total.....	3,158	34	23	7	11	3,165
WORK EQUIPMENT:						
Business.....	63	1				64
All other Cars in Company's Service.....	6,142	20	834	945	9	6,264
Total.....	6,205	21	834	945	9	6,328
FLOATING EQUIPMENT:						
Car Ferries.....	11					11
Barges.....	6		1			5
Tugs.....	7		1			6
Work.....	4					4

STATISTICS OF RAIL-LINE OPERATION

TRANSPORTATION SERVICE

	Freight		Passenger		Total
	1940	1939	1940	1939	
TRAIN MILES:					
Locomotive Drawn.....	34,570,862	29,706,692	17,949,193	17,317,095	52,520,055
Motor Unit Cars.....	—	450	1,222,646	1,361,241	1,222,646
TOTAL.....	34,570,862	29,707,142	19,171,839	18,678,336	53,742,701
LOCOMOTIVE MILES:					
Principal.....	34,590,380	29,721,809	17,949,195	17,317,209	52,539,575
Helper.....	331,919	559,255	149,169	111,789	1,081,088
Light.....	625,684	516,016	313,122	282,252	938,806
Train Switching.....	3,017,993	2,785,396	86,625	69,901	3,104,618
Yard Switching.....	11,301,055	9,476,959	1,015,606	1,021,713	12,316,661
TOTAL.....	50,467,031	43,059,435	19,513,717	18,802,864	69,980,748

CAR MILES:					
Loaded Freight Cars.....	869,837,901	733,592,434	532,777	446,944	870,370,678
Empty Freight Cars.....	429,886,243	343,860,124	293,523	191,461	430,179,766
Passenger Coach and Combination Cars.....	8,198,321	8,319,293	47,772,213	44,181,857	55,970,534
Sleeping, Parlor and Observation Cars.....	921,859	1,082,431	34,245,143	33,116,669	35,167,002
Dining Cars.....	176,817	32,440	5,166,379	4,663,097	5,343,196
Other Cars.....	9,490,569	8,956,695	48,508,199	46,900,538	57,998,768
Motor Unit Cars.....	—	450	1,280,565	1,398,527	1,280,565
Caboose.....	33,144,376	28,360,113	593,566	373,312	33,737,942
TOTAL.....	1,351,656,086	1,124,203,980	138,392,365	131,272,405	1,490,048,451

WORK SERVICE

	Train Miles		Locomotive Miles		Car Miles	
	1940	1939	1940	1939	1940	1939
Locomotive Drawn.....	1,192,967	1,082,573	1,551,930	1,420,352	3,352,907	2,554,386
Motor Unit Cars.....	—	146	—	—	—	228
TOTAL.....	1,192,967	1,082,719	1,551,930	1,420,352	3,352,907	2,554,614

STATISTICS OF RAIL-LINE OPERATION

	1940	1939
Average mileage of road operated.....	23,603.38	23,668.42
TON-MILES—TRAIN-HOURS IN ROAD SERVICE:		
Gross ton-miles of cars, contents and cabooses.....	54,610,363,550	44,792,812,922
Net ton-miles of freight (revenue and non-revenue).....	23,893,076,937	19,080,898,016
Train-hours in freight road service.....	2,101,084	1,795,673
REVENUE TRAFFIC:		
Tons of freight carried.....	55,060,232	45,691,284
Ton-miles—Revenue freight.....	21,532,181,524	17,084,258,927
Freight revenue.....	\$194,562,209	\$160,255,090
Passengers carried.....	11,204,289	10,144,749
Passenger-miles.....	1,124,820,121	875,418,448
Passenger revenue.....	\$21,702,046	\$17,817,119
AVERAGES:		
Miles per revenue ton.....	391.07	373.91
Miles per revenue passenger.....	100.39	86.29
Revenue per ton-mile.....	\$0.00904	\$0.00938
Revenue per passenger-mile.....	\$0.01929	\$0.02035
Revenue per ton.....	\$3.53362	\$3.50734
Revenue per passenger.....	\$1.93694	\$1.75629
AVERAGE PER MILE OF ROAD:		
Ton-miles—Revenue freight.....	908,158	718,554
Ton-miles—All freight.....	1,012,274	806,175
Passenger-miles—Revenue.....	47,655	36,987
Gross Revenue.....	\$ 10,487	\$ 8,611
Gross Expenses (including Taxes, Equipment and Joint Facility Rents).....	\$ 8,963	\$ 8,086
Net Railway operating income.....	\$1,523.70	\$525.53

EMPLOYEES AND THEIR COMPENSATION

	1940	1939	Increase	% Increase
*Average Number of Employees.....	82,831	78,129	4,702	6.02
*Total Payroll.....	\$132,584,063	\$122,354,101	\$10,229,962	8.36
*Includes railway, express and telegraph employees. Excludes hotel and subsidiary company employees.				

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar		Operating Expense Dollar	
	1940	1939	1940	1939
Labour.....	.4894	.5519	.5981	.6148
Fuel.....	.0827	.0845	.1011	.0941
Other Expenses.....	.2461	.2613	.3008	.2911
Total Operating Expenses.....	.8182	.8977	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.1818	.1023	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00
Maintenance of Way Accounts.....	.1616	.1792	.1975	.1997
Maintenance of Equipment Accounts.....	.1944	.2093	.2376	.2332
Traffic Accounts.....	.0208	.0254	.0254	.0283
Transportation Accounts.....	.3986	.4359	.4872	.4855
Miscellaneous Accounts.....	.0067	.0064	.0082	.0071
General Accounts.....	.0376	.0440	.0459	.0490
Transportation for Investment—Credit.....	.0015	.0025	.0018	.0028
Total Operating Expenses.....	.8182	.8977	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.1818	.1023	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

OPERATED MILEAGE, DECEMBER 31st, 1940

Territory	Mileage Owned by Constituent Companies				Mileage of Lines Under Lease or Contract		Mileage of Trackage Rights				Total Operated Road Mileage				Spurs Sidings & Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	
Atlantic Region.....	Miles 2,986.77	Miles 50.56	Miles —	Miles —	Miles 6.41	Miles —	Miles 82.95	Miles —	Miles —	Miles —	Miles 3,076.13	Miles 50.56	Miles —	Miles —	Miles 837.35
Central Region.....	7,212.39	713.87	15.91	9.82	337.32	9.31	29.72	25.17	2.13	4.10	7,579.43	748.35	18.04	13.92	2,523.29
Western Region.....	11,095.60	89.58	—	—	383.65	4.29	56.24	23.07	—	—	11,535.49	116.94	—	—	2,546.65
Grand Trunk Western Lines.....	905.79	363.18	10.62	—	60.06	—	59.75	6.33	1.36	0.99	1,025.60	369.51	11.98	0.99	816.03
Central Vermont Lines	237.90	0.63	—	—	125.18	0.03	58.73	32.75	—	—	421.81	33.41	—	—	160.52
*Total Mileage.....	22,438.45	1,217.82	26.53	9.82	912.62	13.63	287.39	87.32	3.49	5.09	23,638.46	1,318.77	30.02	14.91	6,883.84
Lines in Canada.....	21,063.75	853.44	15.91	9.82	570.63	12.49	164.52	44.80	2.13	4.10	21,798.90	910.73	18.04	13.92	5,746.33
Lines in United States.	1,374.70	364.38	10.62	—	341.99	1.14	122.87	42.52	1.36	0.99	1,839.56	408.04	11.98	0.99	1,137.51

*Separately Operated Lines (Steam and Electric) not included.

